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SUBJECT: LIMA NAS MONTHLY REPORT - JUNE 2008

11. (U) Summary:

- Recent economic analysis confirms considerable diminution of coca in San Martin, the first clear and measurable result of the Eradication/Alternative Development nexus.
- NAS Deputy Director traveled to Quito, Bogota, and La Paz to identify areas of regional collaboration.
- Visit to NAS-funded Police Base and Academy in Ayacucho.
- Eradication totals 5,196 hectares at the end of June.
- DIRAVPOL Air Police failure to provide MI-17 helicopters and Antonov (An-32) fixed-wing cargo aircraft support in June causes NAS to look at other alternatives.
- Temporary facilities at Tingo Maria Forward Operating Location (FOL) 85 percent completed; construction of the advance eradication base at Aucuyacu set for August 1.
- NAS evaluating cost of required repairs of Palmapampa runway.
- CICAD presents Money Laundering projects for 2008-2009 to Attorney General.
- Dramatic increase in number of scanned containers in seaports causes shift in smuggling patterns in past year.
- Damaged helicopter successfully transported to US for repairs.
- NAS continues to support MAAG refueling needs for New Horizons Exercise.
- Uptick in GOP operations in VRAE results in increase in MEDEVAC requests.
- Peruvian Air Force cross border exercises with Brazil to begin in July.
- Relocation of FAP C-26 squadron to the Jorge Chavez airport delays reinstallation of digital imaging camera
- 300 VRAE youth leaders gather in Ayacucho under CEDRO program.
- Peruvian Customs drug and currency seizures for June.
- PNP Chemical Group Interdiction and Chemical Seizures for June. End Summary.

THE TOCACHE MIRACLE

12. (U) The respected Institute for International Studies (IDEI) of the Catholic University recently published an economic analysis that confirms the considerable diminution of coca in the economy of San Martin) the area of focus for NAS-supported eradication combined with USAID Alternative Development programs. The IDEI analysis attributes the drop of coca in the regional economy from 17.4 percent in 1992 to 1.9 percent in 2006 to &insignificant levels8 in 2008 to

the integrated GOP/USG anti-drug policy. The daily &El Comercio and other media are hailing this as the first clear and measurable result of the Eradication/Alternative Development nexus, calling the change in this previously narco-ridden province &the Tocache miracle.8

DEPUTY DIRECTOR TRIP TO QUITO/BOGOTA/LA PAZ - JUNE 4-22

13. (U) During the period June 4-22, NAS Lima Deputy Director visited counterparts in Ecuador, Colombia and Bolivia to gain first-hand knowledge of the various activities of each NAS and to seek areas of common interest and collaboration with Peru as we face lowered budgets. While each NAS has recorded successes in various program areas, the visit identified areas where collaboration between the four country programs will contribute to greater effectiveness and reduce expenses of the overall programs with minimal staff reductions. A key area of collaboration that spans all NAS programs is training and procurement. A follow up visit is planned to expand on the specific types of cooperation that will be most beneficial to each country's program.

SITE VISIT: AYACUCHO

14. (U) On June 27, NAS Deputy Director and NAS Program Officer visited the Police Base and Academy in Ayacucho opened in December 2007. This was the first visit for both officers to review the police program in Ayacucho. Both

noted the good maintenance of both the academy and the base. Personnel take great pride in the appearance of the facilities, especially the Academy. The Commander of the Academy has established a community outreach program where he regularly meets with community members and leaders. He hosts approximately forty (40) school children of single parents for breakfast at the Academy dining hall every Saturday morning. In addition, the students (police cadets) regularly deliver food and beverages during off-duty community activities, enhancing the image of the police in an area known for SL activity and coca-production. The NAS-funded base and academy in Ayacucho are known by the local community as "El Joyo" -- the Jewel -- for its modern facilities, computer labs, and dormitories.

JUNE ERADICATION STATISTICS

15. (U) By month's end, CORAH had eradicated a total of 5,196 hectares of illegal coca. Prior to the planned August move to the new Aucayacu Base Camp, CORAH will eradicate coca in Sion, the only remaining area of significant coca in San Martin, depending on MI-17 support for both insertion and extraction of CORAH personnel. Beginning mid June and ending July 5, CORAH will have completed eradication of new coca in the Yanajanca area, a priority area for USAID. Ninety percent of eradicated coca occurred in the San Martin Department, the remaining ten percent in Huanuco.

LIMITED AVAILABILITY OF MI-17 SUPPORT

16. (U) In June, the move of eradication operations further south from Santa Lucia increased the distance required to move the eradicators and security police. However, DIRAVPOL Aviation Police cite the national tasking to respond to social unrest in Moquegua as the reason for their inability to provide MI-17 helicopter and Antonov fixed-wing support in June; DIRAVPOL forecasts limited availability in July, causing NAS to seek other alternatives.

TEMPORARY FACILITIES AT TINGO MARIA 85 PERCENT COMPLETED

17. (U) Preparations to shift UH-2 operations from Santa Lucia

to Tingo Maria FOL are continuing, to support upcoming eradication operations in Aucayacu. Foul weather had hindered work, but in June installation advanced rapidly and is now 85 percent completed. Construction of the advanced eradication base is now set to begin 1 August. Little progress has been made in the preparation of the operating area in terms of intelligence and interdiction operations to determine the extent of the threat in this known Sendero Luminoso stronghold. Furthermore, the move into Aucayacu has aroused opposition from local cocalero organizations that are threatening organized resistance.

PALMAPAMPA RUNWAY REQUIRES URGENT REPAIRS

18. (U) Interdiction operations continue from Palmapampa FOL. However, the runway remains closed to NAS/PNP fixed-wing traffic, thus increasing the flight hour expenditure for the UH-2s. NAS and DIRANDRO Director Hidalgo have agreed on the urgent need of repairs on the notorious up-hill landing strip so that fixed-wing aircraft can provide necessary logistical support for the remote base. NAS is currently evaluating the costs involved.

MONEY LAUNDERING

19. (U) NAS accompanied CICAD representatives to a meeting with Peru's new Attorney General, Gladys Echais. CICAD presented a series of proposed money laundering training projects to enhance the Public Ministry's capabilities. The projects will focus on how the Ministry's prosecutors will manage money laundering and organized crime cases in 2008-2009. Echais welcomed CICAD's offer of this training and expressed optimism that improved coordination between the Ministry of Interior and the Public Ministry in investigating drug trafficking and related crimes would result in more successful prosecutions.

PORTS PROGRAMS SEIZURES AND ACTIVITIES

110. (U) In June, SUNAT and the Peruvian Post Office (SERPOST) seized a total of 100.36 kilos of cocaine, bringing the total of HCL cocaine seized by SUNAT in Lima this year to 5,267 kilos. Fifteen internal carriers (mules) were arrested in June: a total of 256 passengers have been arrested for transporting drugs in/on their person since the deployment of the Body Scanner in August 2007. On June 7, SUNAT detained a Peruvian passenger arriving from Uruguay for failing to declare 50,000 USD affixed to his person. The currency was seized by the PNP and the case is under investigation. Since the currency interdiction program commenced less than a year ago, SUNAT has seized 1,050,000 USD of illicit money from foreign and domestic passengers at Jorge Chavez Airport. Peruvian officials believe that the installation of the body scanners has caused passengers to make more accurate declarations on the amount of currency being transported internationally) not previously the case. Since the arrival of the container scanners at the seaports in 2006, a total of 153,647 containers have been scanned, 3,938 of which were referred for secondary inspection. The dramatic increase in numbers of scanned containers is also functioning as a deterrent that is causing a clear shift in smuggling patterns through the seaports in the last year.

NAS/DEA/PNP CHEMICAL GROUP SEIZURES

111. (U) On June 6, the PNP Chemical Group (PNPCG) seized a total of 650 kilos of acetone -- a 32,500 USD Peruvian black market value -- and laboratory equipment (microwave ovens, hydraulic presses, metal molds, a large distiller utilized to recycle acetone, and electric generators). The NAS-supported Special Operations Group conducted interdiction operations in the VRAE that resulted in the destruction of 108 cocaine base laboratories and 3 metric tons of precursor chemicals in June.

DAMAGED HELICOPTER TRANSPORTED TO US

¶12. (U) The PNP-347 (UH-2) helicopter, damaged during a routine training flight landing at Santa Lucia, was transported to Pucallpa by truck, loaded aboard a Bolivian/NAS C-130 at the PNP/NAS facilities at Pucallpa, and on June 23rd, flown to Patrick AFB for repairs.

NAS CONTINUES SUPPORT FOR MAAG &NUEVOS HORIZONTES8 EXERCISE

¶13. (U) NAS continues to support Exercise New Horizons with refueling for the CH-47s. NAS is continuing to order fuel and is providing one fuel operator to oversee the dispensing of fuel from the NAS-provided bladder and pump equipment and to monitor the quality of fuel. All incurred expenses will be reimbursed by MAAG.

INCREASE IN MEDEVAC OPERATIONS

¶14. (U) NAS received more than the normal amount of MEDEVAC requests during June, mostly for DIRANDRO stationed at the FOLs. However, the Peruvian Navy and Army also indirectly requested Medevac support. One case involved five Peruvian Marines injured (one with significant head trauma) in a transport vehicle during an operation, requiring a night evacuation by an Air Police crew using NVGs. This increase in MEDEVAC requests is a direct result of the up-tick in operations by Peruvian Army and Navy units in the VRAE and is expected to increase further in the coming months.

START OF CROSS-BORDER COMMAND AND CONTROL EXERCISE WITH BRAZIL

¶15. (U) Peruvian Air Force (FAP) units have begun to arrive at NAS/PNP FOL Pucallpa to prepare for the semi-annual cross-border command-and-control exercise with Brazil, scheduled for July 7 -11. Five A-37 &Dragonfly8 aircraft have arrived and will be joined by a FAP Turbo Commander and a C-26 aircraft. NAS has made ramp/hangar space available which includes lodging for FAP aircrews.

DELAY IN INSTALLING DIGITAL CAMERA FOR C-26

¶16. (U) The FAP C-26 aircraft -- and the NAS-funded ARINC contractors -- have moved from Las Palmas to Jorge Chavez International Airport because of the continuing encroachment of the FAP/FAA-approved commercial repair center at Las Palmas. The re-installation of the digital imaging camera has been delayed due to the move; other problems include the FLIR system hand controller which has to be returned to the manufacturer for repair.

CEDRO PROJECT GATHERS 300 YOUTH LEADERS IN AYACUCHO

¶17. (U) The Ayacucho Youth Project 'Towards a Culture of Lawfulness' gathered 300 youth leaders from the five provinces of Ayacucho - areas where youth are the most at risk of becoming involved with narco-trafficking. NAS Program Officer gave remarks at the start of the three day gathering. The Provincial Mayor of Huamanga attended as did a representatives from the Ministry of Work and Promotion and the Regional Commercial and Tourism agency. Many of the youth expressed frustration over the lack of resources going into social programs at the grass roots level, despite political promises.

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